

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

4 TO: Bobby Ritter
5 BaySierra Financial, Inc.
6 1410 Neotomas Avenue, #106
7 Santa Rosa California 95405

8 **DESIST AND REFRAIN ORDER**

9 **(For violations of Corporations Code section 25110 and Financial Code section 50002(a))¹**

10 The Commissioner of Financial Protection and Innovation, head of the Department of
11 Financial Protection and Innovation, finds that:

12 1. BaySierra Financial, Inc. (BFI) is, or was, a California limited liability company with
13 a registered place of business located at 1410 Neotomas Avenue, #106, Santa Rosa California. BFI is
14 licensed as a real estate broker, with the Department of Real Estate (DRE), DRE license # 01280711
15 and is engaged in the business of advancing loans to third parties.

16 2. Bobby Ritter (Ritter) is, or was, the chief executive officer, president, and director of
17 BFI. Ritter is also a “control” person of BFI as that term is defined by Corporations Code section
18 160.

19 3. Stacey Robles (Robles) is, or was, the chief executive officer, director, and secretary
20 of BFI.

21 4. On or about December 8, 2019, the Commissioner issued a permit qualifying BFI to
22 offer, sell and issue securities in the form of membership interest in BFI pursuant to section 25113
23 (b)(1).

24 5. On February 11, 2020, the Commissioner commenced a regulatory examination of the
25 books and records of BFI (2020 Examination). The 2020 Examination disclosed that BFI offered and
26 sold securities when it did not have a permit in place, in violation of section 25110.

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¹ Unless otherwise noted, all statutory references are to the Corporations Code.

1 6. Beginning at least from January 13, 2015, BFI offered and sold securities in the form
2 of promissory notes that are secured by a deed of trust to at least eleven California investors without a
3 permit.

4 7. BFI is licensed as a real estate broker engaged in the business of making loans to third
5 parties. The loans are evidenced by promissory notes that are secured by a deed of trust. BFI offers
6 and sells undivided fractional interests of the loans to California residents. The investors that
7 purchase these fractional interest securities earn interest payments from the borrowers of the
8 secured loans. BFI generates income for itself by collecting a monthly loan servicing fee.

9 8. As part of the 2020 Examination, the Commissioner's examiner reviewed BFI's books
10 and records including financial statements, bank reconciliations, loan documents, and suitability
11 standard requirements. The examination disclosed that BFI offered or sold securities in the form of
12 investment contracts or fractionalized notes during periods when it did not have a permit to do so.

13 9. The Commissioner finds that the fractionalized notes Respondents sold to investors
14 constitute new sales of securities which require qualification unless exempt, pursuant to section
15 25017(a) and the California Code of Regulations, title 10, section 260.017(b).

16 10. The purported purpose of the investments was to raise capital from investors that
17 would advance BCF's business of investing in loans secured by first and second deeds of trust on real
18 property.

19 11. These securities were offered or sold in this state in issuer transactions. The
20 Department of Financial Protection and Innovation did not issue a permit or other form of
21 qualification authorizing any person to offer or sell the above-described securities, in this state and
22 the securities were not exempt.

23 12. Corporations Code section 25532, in pertinent part, states:

24 (a) If, in the opinion of the commissioner, (1) the sale of a security
25 is subject to qualification under this law and it is being or has been
26 offered or sold without first being qualified, the commissioner may
27 order the issuer or offeror of the security to desist and refrain from the
28 further offer or sale of the security until qualification has been made
 under this law

1 (c) If, in the opinion of the commissioner, a person has violated or is
2 violating Section 25401, the commissioner may order that person to
3 desist and refrain from the violation.

4 13. Based on the foregoing findings of fact as set forth fully above in paragraphs 1 – 12,
5 the Commissioner is of the opinion that the fractionalized notes in BFI Respondents sold to investors
6 are securities subject to qualification under the Corporate Securities Law (CSL) and are being or have
7 been offered and sold without being qualified, in violation of Corporations Code section 25110.

8 14. The 2020 Examination further disclosed that BFI engaged in the business of making or
9 servicing residential mortgage loans without a license, in violation of Financial Code section
10 50002(a).

11 15. Business and Professions code section 10238(f)(1) prohibits a lender from selling
12 fractionalized notes or interests to more than 10 persons. The Commissioner’s review of BFI’s
13 quarterly DRE Reports and DRE license information disclosed that BFI originated at least 11 loans,
14 which exceeded the number of loans that BFI can originate pursuant to Business and Professions
15 Code section 10238(f)(I).

16 16. Financial Code section 50513 provides in pertinent part:

17 (a) The commissioner may do one or more of the following:

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19 (5) Issue orders or directives to mortgage loan originators under
20 this division as follows:

21 (A) Order or direct a mortgage loan originator or any residential
22 mortgage lender or servicer licensee employing a mortgage loan
23 originator to desist and refrain from conducting business,
24 including immediate temporary orders to desist and refrain.

25 (B) Order or direct a mortgage loan originator or any residential
26 mortgage lender or servicer licensee employing a mortgage loan
27 originator to cease any harmful activities or violations of this
28 division, including immediate temporary orders to desist and
refrain.

Based on the foregoing, the Commissioner is of the opinion that BFI engaged in the business
of making residential mortgage loans or servicing residential mortgage loans without first obtaining a

1 license from the Commissioner, in violation of Financial Code section 50002.

2 IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:

3 A) Pursuant to Corporations Code section 25532, Bobby Ritter and BaySierra Financial,
4 Inc. desist and refrain from the further offer or sale in the State of California of securities, including
5 but not limited to, promissory notes that are secured by a deed of trust as stated above, unless and
6 until qualification has been made under this law or unless exempt.

7 This Order is necessary, in the public interest, for the protection of investors and consistent
8 with the purposes, policies and provisions of the Corporate Securities Law of 1968.

9 B) Pursuant to Financial Code section 50513, Bobby Ritter and BaySierra Financial, Inc.
10 are hereby ordered to desist and refrain from further engaging in the business of making residential
11 mortgage loans or servicing residential mortgage loans, in this state, without first obtaining a license
12 from the Commissioner or unless exempt.

13 This Order is necessary, in the public interest, for the protection of investors and consistent
14 with the purposes, policies and provisions of the Financial Code.

15 Dated: November 21, 2023
16 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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19 By _____
20 MARY ANN SMITH
21 Deputy Commissioner
22 Enforcement Division
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